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September 7, 2007

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
Room TW-325
445 12th Street, S.W.
Washington D.C. 20554

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Federal Communications Commission
Office of the Secretary

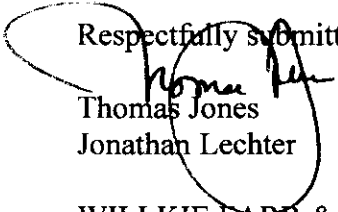
Re: In the Matter of Special Access Rates for Price Cap Local Exchange Carriers,
WC Docket No. 05-25

Dear Ms. Dortch:

On behalf of Time Warner Telecom Inc., please find enclosed two copies of a redacted version of letter and charts filed today in the above referenced docket. Pursuant to the protective order in this proceeding, two copies of a confidential version of this ex parte presentation have been filed with Margaret Dailey or Pamela Arluk and a copy of the confidential version has also been filed with the Secretary.

Please let us know if you have any questions with respect to this submission.

Respectfully submitted,


Thomas Jones
Jonathan Lechter

WILLKIE FARR & GALLAGHER LLP
ATTORNEYS FOR TIME WARNER TELECOM INC.

cc: Margaret Dailey (without enclosures)
Pamela Arluk (without enclosures)

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Re: WC Dkt. Nos. 06-125; 05-25

Dear Ms. Dortch:

The purpose of this letter is to explain in more detail the design of the pricing charts Time Warner Telecom Inc. ("TWTC") filed on August 29, 2006 in WC Docket Nos. 06-125 and 05-25. These charts demonstrate that ILEC DS-1, DS-3, OCn and Ethernet "discounted", price cap and Phase II rates are well in excess of competitors' rates. We have attached these charts again to this letter for reference.

TDM

The TDM price charts compare ILEC DS-1 and DS-3 zero mile, five mile and 10 mile rates that TWTC pays in "zone 1" under its substantial term commitments and discount contracts in both price cap and price flex areas with UNE and competitive wholesaler rates.¹ To determine the rate that TWTC pays in price cap and Phase II areas, TWTC used the average of the prices that it pays a particular RBOC in all of the states where it serves customers in that RBOC's region. For the Qwest and BellSouth regions, no averaging is necessary, because TWTC pays the same price in every state in those respective RBOC regions for each loop at issue. For example, TWTC pays Qwest **[proprietary begin] [proprietary end]** for a five mile DS-1 loop in all of Qwest's states in Phase II MSAs where TWTC has a presence. Similarly, the UNE rate for each RBOC for each particular loop type was derived by averaging the "zone 1" UNE rate for that loop length across all of the states in each RBOC's region where TWTC has a presence. Both the UNE and special access rates are comprised of

¹ TWTC subscribes to various discount special access plans/tariffs from the RBOCs. **[proprietary begin]**
[proprietary end]

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one channel termination charge, and, where applicable, a fixed mileage charge and a variable interoffice charge.

The “competitor” price is a simple average of the wholesale prices that TWTC charges in its largest markets² along with the prices of four other competitors that have provided wholesale price quotes to TWTC in a number of markets across the country. Of the five competitors used to calculate the average, [proprietary begin] [proprietary end]

The competitors’ prices depicted are actually conservative (i.e. higher than necessary) for two reasons. *First*, unlike the ILEC prices shown above, the TWTC price used as part of the average is the price for the complete circuit, consisting of the equivalent of two channel terminations and, where applicable, interoffice mileage. Had the charts instead included the price of only a single channel termination and mileage, as was the case with the ILEC rates, the competitor prices would have been substantially lower. For example, [proprietary begin] [proprietary end] *Second*, the average was calculated using only one year competitor term prices. If TWTC had included its five year term price (which is a reasonable comparison given that it had to agree to a [proprietary begin] [proprietary end] term with Verizon to obtain the prices shown), the average competitor price would have been even lower.

[proprietary begin]. [proprietary end]

OCN

The OC-3 rate charts provide an even more direct comparison between RBOC and TWTC rates. These charts compare the one and three year Phase II and price cap rates of legacy SBC, Qwest and legacy BellSouth and the “offer” rates of Verizon to TWTC’s rates for a two fiber OC-3 circuit.³ Simple ILEC term rates are shown because [proprietary begin] [proprietary end]. These are the lowest prices that TWTC sales personnel can offer in its largest markets without managerial approval.

The prices shown are for “CO” to “Premises” circuits (i.e., the price of a circuit from the ILEC central office to a customer premises). [proprietary begin] [proprietary end] These higher priced circuits are not included in the price comparison.

Unlike TDM circuits, which are comprised of two channel terminations and interoffice mileage, ILEC OCN pricing is somewhat more complicated and different rate elements must be combined to provide different levels of service. TWTC’s OCN prices are much simpler, [proprietary

² The TWTC price is the median between the “list price” that TWTC offers its wholesale customers in its largest markets and the “discounted” price that TWTC sales personnel can offer customers in its largest markets without managerial approval.

³ Legacy, BellSouth rates: price cap-FCC No. 1 § 7.5.9(a), phase II-FCC No. 1 § 23.5.2. Legacy SBC rates (for Ameritech): price cap-FCC No. 73 § 40.3(a), phase II- FCC No. 73 § 35.5.2.17. Qwest rates: price cap FCC No. 1 § 7.14, phase II- FCC No. 1 § 17.2.

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begin] c [proprietary end] To obtain a similar level of service that TWTC provides at wholesale, TWTC must usually purchase three different OCn rate elements from the RBOC: (1) A “node” or “port” at *each end* of the circuit, (2) a “remote” “node” or “port” on one end of the circuit and, (where applicable) (3) a fixed mileage charge as well as a variable mileage charge.

For example, Qwest charges \$8885 for a ten mile CO to Premises circuit in Phase II areas. TWTC must purchase two “nodes” for \$2700 each, and a remote node for \$925. TWTC must then pay a fixed mileage charge of \$1100 and a variable mileage charge of \$1450 (\$145 x 10). Qwest also charges a \$10 “COCC” charge per circuit.

Verizon’s tariffed OCn (and Ethernet) prices no longer provide an accurate indication of their rates in the marketplace, because Verizon is in the process of detariffing its OCn (and Ethernet) services as part of the default grant of forbearance last year. **[proprietary begin] [proprietary end]**

Ethernet

The Ethernet pricing charts compare the one year “discount” prices of TWTC’s and the RBOCs’ “switched Ethernet” products.⁴ Switched Ethernet is becoming increasingly popular because multiple customer locations can be connected to one another without a separate charge for multiple point-to-point connections. The traffic travels from one customer location to the TWTC or RBOC Ethernet “switch” located in the RBOC central office where the traffic is either sent to another customer location or, in many instances, to the Internet.

[proprietary begin] [proprietary end] As with TDM and OCn prices, TWTC’s “discounted” prices are the lowest discount price that TWTC’s sales personnel can offer without managerial approval.

Switched Ethernet, as sold by the RBOCs, has four basic rate elements combined into two facilities: a “port” and a “bandwidth” charge for the end user connection (labeled in the chart as the “loop”) and a “port” and “bandwidth” charge for the facility in the RBOC central office (labeled in the chart as a “cross-connect”). TWTC’s wholesale Ethernet rates generally only include a single “loop” charge and a single “cross-connect” charge. When a customer purchases wholesale Ethernet service from either TWTC or the RBOCs, the customer must purchase a cross-connect facility large enough to accommodate the bandwidth transmission by the loops purchased. For example, if a customer wants to buy two 300 Mbps loops, the customer must purchase a cross connect facility of at least 600 Mbps capacity.

⁴ Legacy SBC’s switched Ethernet product is marketed as OPT-E-MAN and the rate elements can be found (for Ameritech) at FCC No. 73 § 43 *et seq.* Legacy BellSouth’s switched Ethernet product is marketed as BellSouth Metro Ethernet Service and can be found FCC No. 1 § 7.5.22 *et seq.* Qwest’s Switched Ethernet product is marketed as Qwest Metro Optical Ethernet and can be found at FCC No. 1 § 8.8 *et seq.*

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The key difference between TWTC and the RBOCs' switched Ethernet products is the variable size of the cross-connect offered by TWTC. **[proprietary begin] [proprietary end]**

Please let us know if you have any questions with regard to this letter.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Thomas Jones", is written over the printed name and address.

Thomas Jones
Willkie Farr & Gallagher LLP
1875 K Street N.W.
Washington, D.C. 20006

Enclosure

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